

# Introduction to County Budgeting

## **Defining a Budget**

*In simple terms, a budget is an entity's plan for its financial resources. It is an estimate of proposed expenses for a given period and the proposed means of paying for them. Two basic components of the budget are the revenue section and the expenditure section.*

## **Defining Revenue and Expenditure**

Revenue is an increase in the financial resources of a government. Some examples of local government revenues are property taxes, assessments, permits and fees, licenses, fines, charges for service, grants, and payments from other governments. Monroe County has a large variety of revenue sources.

An expenditure is a decrease in the financial resources of a government. Expenditures include, for example, current day-to-day expenses such as salaries, payment of principal and interest on long term debt and bonds, utilities and material costs, and purchase of vehicles, equipment or property.

## **Budget Structure – Fund Accounting**

An important concept in government accounting and budgeting is subdividing the budget into what are called "funds". This is called fund accounting. Fund accounting allows a government to budget and account for funds restricted by law or policy. These funds allow the County to segregate certain revenues and then account for expenditures from these revenues.

The County budget has approximately 70 funds. These funds can be compared to a company spreading its business among 70 banks. The County uses these funds for example, to make payments on different types of County debt or to track fees collected to pay for certain County services.

Each of these funds must balance - that is, revenues must equal expenditures - and each must be separately monitored. The County budget, adopted each year by the Board of County Commissioners (BOCC), is actually the total of the separate funds or accounts.

## **Rationale for the Budget Structure**

Monroe County produces its budget in conformance with rules and regulations developed for local governments. While it does not take an accountant to understand a local government budget, the reader should understand the County develops its budget in accordance with uniform accounting concepts and budgeting standards. Some of the more important standards are:

- ***National Accounting Standards*** - Just as businesses follow what are known as generally accepted accounting principles (abbreviated as "GAAP"), governments follow national standards for financial reporting. A government using consistent standards can look at itself over time to measure its financial strengths. Comparative measures of performance can then be made with other units of government.

Some of the standards Monroe County uses are those of the Government Finance Officers Association (GFOA) and the Governmental Accounting Standards Board (GASB).

- ***State of Florida Budgeting Standards*** - The State of Florida establishes budgeting and financial rules for local Florida governments. An example is its rule for timing of the annual budget cycle. The fiscal year for counties begins October 1st and ends September 30th of the following calendar year. Another example is its rule about how a county adopts a budget and how a county sets property tax rates.

- ***Federal and State Grant Requirements*** - Monroe County receives grants from several federal and state agencies. To insure the County uses these funds for specific programs, these agencies require the County to keep these grant funds separate from other County revenues. This segregation requires a more complex financial structure to manage these "restricted" dollars.

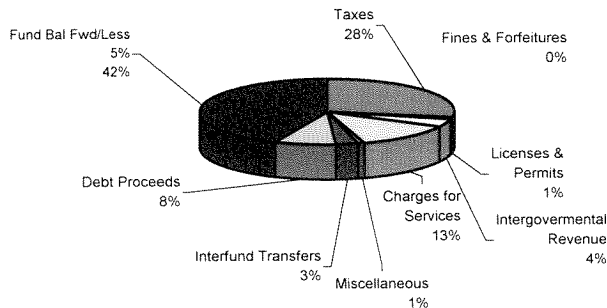
- ***Local Budgeting Standards*** - Finally, the Board of County Commissioners establishes uses for some fees collected by the County to insure they are spent on specific programs. Impact fees and permit fees are examples of revenues with such self-imposed restrictions.

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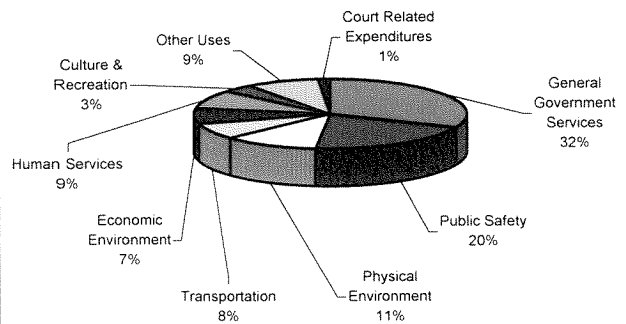
## Balancing the County Budget

Unlike the federal government, Florida law states a county must have a balanced budget. The amount of the proposed revenues must equal the expenditures for each of the almost 70 funds. When OMB "balances the budget," the revenues must balance the appropriations for each fund and thereby for the entire budget. This means Monroe County has no budget deficit

Where the Money Comes From (Sources) 2007 - All Funds



Where the Money Goes (Uses) FY 2007 - All Funds



| Sources                   | FY05<br>Adopted      | FY06<br>Adopted      | FY07<br>Proposed     | % of<br>Total |
|---------------------------|----------------------|----------------------|----------------------|---------------|
| Taxes                     | 96,126,544           | 106,436,064          | 110,607,559          | 28%           |
| Licenses & Permits        | 1,865,000            | 2,670,000            | 2,880,000            | 1%            |
| Intergovernmental Revenue | 12,251,609           | 12,938,686           | 14,792,273           | 4%            |
| Charges for Services      | 47,360,547           | 49,649,563           | 49,366,368           | 13%           |
| Fines & Forfeitures       | 434,000              | 503,500              | 438,000              | 0%            |
| Miscellaneous             | 3,189,491            | 4,119,830            | 2,863,913            | 1%            |
| Interfund Transfers       | 5,923,900            | 7,117,408            | 11,509,233           | 3%            |
| Debt Proceeds             | 0                    | 0                    | 30,454,000           | 8%            |
| Fund Bal Fwd/Less 5%      | 130,891,752          | 137,464,757          | 169,961,102          | 43%           |
| <b>Total Sources</b>      | <b>\$298,042,843</b> | <b>\$320,899,808</b> | <b>\$392,872,448</b> | <b>100%</b>   |

| Uses                        | FY05<br>Adopted      | FY06<br>Adopted      | FY07<br>Proposed     | % of<br>Total |
|-----------------------------|----------------------|----------------------|----------------------|---------------|
| General Government Services | 61,317,880           | 93,709,422           | 123,317,220          | 31%           |
| Public Safety               | 74,433,592           | 75,955,835           | 79,391,656           | 20%           |
| Physical Environment        | 20,804,804           | 28,330,379           | 45,089,777           | 11%           |
| Transportation              | 30,151,063           | 28,413,397           | 29,598,002           | 8%            |
| Economic Environment        | 25,819,750           | 28,448,610           | 28,503,142           | 7%            |
| Human Services              | 33,450,573           | 35,243,558           | 33,858,029           | 9%            |
| Culture & Recreation        | 10,363,467           | 15,017,116           | 13,289,222           | 3%            |
| Other Uses                  | 37,862,373           | 11,180,547           | 33,990,664           | 9%            |
| Court Related Expenditures  | 3,839,341            | 4,600,944            | 5,834,736            | 1%            |
| <b>Total Uses</b>           | <b>\$298,042,843</b> | <b>\$320,899,808</b> | <b>\$392,872,448</b> | <b>100%</b>   |

# Introduction to County Budgeting

## **An Important Revenue – Property Taxes**

A "property tax," more specifically called an "ad valorem" tax, is a tax based on the value of the property. We derive the term, "ad valorem" from the Latin phrase meaning "according to value."

In Florida, there are three factors for calculating the amount of property tax assessed on a piece of real estate: the value of the property, the amount of the value exempted from tax, and the tax rate. Each county's Property Appraiser's Office calculates property values and Florida law dictates the exemptions. The tax rates are set by the various local governments authorized to collect property taxes according to Florida law.

The ad valorem tax rate is expressed in "mills." A mill equals \$0.001. The rate at which the tax is charged is called the "millage rate". If the ad valorem tax rate is 8 mills, the "millage rate" is 8 mills. This means that per dollar of property value, a property or ad valorem tax of \$0.008 is paid. It is much easier to think of the rate as how many dollars of tax will be paid per thousand dollars of property value. For example, if the property is valued at \$10,000 and the millage rate is 8 mills, you would pay \$8 per \$1,000 value or \$80.

## **Other Sources of County Revenues**

Monroe County raises revenues from sources other than property taxes such as licenses and permits, revenues from federal and state sources, charges for services, fines and forfeitures, grants, rents and interest.

It is important to understand the County has the ability to combine property taxes and other revenues to support a broad range of activities. The County also uses property taxes and other revenues to supplement programs receiving grant funds from the state and federal government. If grant or other funding decrease, the County must decide whether to raise tax revenues to support these various programs rather than reduce service.

## **The Dual Roles Florida Counties Serve**

In Florida, a county may serve a dual role. It can provide some services to all county residents regardless of whether or not the residents live in a city. These services are called "countywide" and use the *Countywide Property Tax* as a means of financing. It may also provide municipal-type services to residents in the unincorporated areas. These areas are portions of the county, which are not incorporated as cities. These services are called "MSTU" services and use *Municipal Services Taxing Unit Property Tax* as one of the means of financing these services.

**Multiple Taxing Authorities - Florida** law allows a county to charge one property tax rate countywide for services provided to the entire county population. State law also requires a county to charge another property tax rate in only the unincorporated area for the city-type services supplied by the county. If you look carefully at your annual tax bill, you will see several lines for the various property taxes:

**The General Revenue Fund** - The "General Revenue Fund" line in your tax bill is a county-wide tax that finances a diverse number of services such as environmental protection, shelter and care for impounded animals, general assistance for the indigent, public facilities maintenance, and libraries.

It also pays for a variety of administrative functions required of a large organization: computer systems, communications purchasing, budget, human resources, finance and legal services.

**The Law Enforcement, Jail, Judicial Fund** - The "Law Enforcement, Jail, Judicial Fund" line on your tax bill is a countywide tax that pays for operation of the Sheriff's Department, jail maintenance and the County's court support system.

**The Health Clinic** - This is a countywide tax used to support the operation of the County's public health clinic.

**The General Purpose MSTU** - Another name for the property tax on the unincorporated area is the *Municipal Services Taxing Unit Property Tax*, or General Purpose MSTU tax. This line in your tax bill pays for services

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normally provided by municipalities. MSTU services and includes land use planning, zoning, fire marshal, code enforcement, emergency medical services, fire services, and maintain county parks.

There are also separate property taxes levied for special assessment tax districts such as *Fire and Ambulance*, *Mosquito Control* and *South Florida Water Management*. Monroe County also taxes for the operation of its schools under the separate authority of the *School Board*.

### Special Assessment Property Tax

A non-ad valorem assessment, also called a special assessment, is a fee levied on certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties. The value of the property is not considered when calculating a special assessment. Instead, the cost of the facility or the service is allocated to the properties in a defined area. This allocation is based on the degree to which the property will reasonably benefit from the facility or service.

It is important to note that Monroe County is not the only jurisdiction levying these special assessments in the unincorporated area. There are a number of separate special assessment districts and with the ability to levy these assessments.

### Other Governments in Monroe County

One frequent misunderstanding is that the Monroe County Board of County Commissioners oversees the local school system. While school boards in other states have their budgets approved by the county commissioners or the county board of supervisors, school districts in Florida are *separate taxing authorities*. The property tax levy for the school system is separate from the County's on the annual tax bill.

Other units of government which levy property tax separately from Monroe County are the *Mosquito Control District* and a multi-county district -- the *South Florida Water Management District*.

There are also five cities in the county: Key West, Islamorada, Marathon, Layton and Key Colony Beach. These cities have separate budgets and revenue sources.

### Tracking the County's Budget

With 5,000 line items and dozens of organizations within its purview, Monroe County relies on computers with sophisticated budgeting software to help with budgeting and accounting.

Like many counties in Florida, the Monroe County Clerk of the Circuit Court performs the day-to-day accounting such as writing checks to vendors and processing payroll. The Monroe County Office of Management and Budget under the County Administrator prepares the budget using a computerized budget preparation system.

### Developing the Budget

The process of compiling the annual budget is actually a year-round activity. The basis for the process is a framework of statutory deadlines established by the State of Florida. The County Administrator and the OMB Department staff establish the remainder of the process. County administration sets interim deadlines to insure necessary information is collected, priorities are determined, and recommendations can be made by the County Administrator to the Board of County Commissioners. The County Administrator has been designated to serve as the official budget officer for Monroe County, to the Board of County Commissioners, which, in turn establishes tax rates and adopts the annual budget.

While the process may change somewhat from year to year, an examination of the process illustrates the many steps to adopting an annual budget.

An annual budget, including all such funds as required by law, shall be prepared and approved each fiscal year. The budget process is conducted in accordance with Chapters 125, 129, 200 and 218 of the Florida Statutes as amended. Monroe County processes the budget in four basic phases:

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1. Planning Phase (January - March)
2. Preparation Phase (April - July)
3. Adoption Phase (July - September)
4. Implementation and Adjustment Phase (Year-round)

The phases are outlined as follows:

**Planning Phase** - Early in the budget process, OMB staff prepares budget instruction packages which are used by County departments to submit their annual budget requests. Departments are asked to develop statistical measures to describe the levels of services they offer. Management evaluates the statistical measures to determine what services can be maintained at a particular level of operational funding. During the planning phase, departments are also asked to estimate their capital needs for the upcoming fiscal year as well as estimated needs for an additional six years. These estimates form the basis for the long-range *Capital Projects Plan*.

**Preparation Phase** - The County Administrator and OMB conduct a budget “kickoff” meeting in March for all departments funded by the Board of County Commissioners (BOCC). Internal service fund departments provide their revenue and expense estimates. All other departments are required to submit their expense estimates by April 8. Most Constitutional Officers submit their budgets by June 1. The County Administrator conducts a series of budget review meetings with the departments and makes final decisions on a proposed *Tentative Budget* to be presented to the BOCC.

**Adoption Phase** - The County Administrator presents a proposed *Tentative Budget* to the BOCC at policy workshops in July. All policy workshops, as well as public hearings, are televised live and videotaped for re-broadcast. After receiving priorities from the BOCC in the policy workshops, the *Tentative Budget* is modified and a public hearing is held between 65 and 80 days following certification of taxable value. This hearing serves to explain the budget components and to receive requests and complaints from the public and amend the budget as they see fit. In accordance with State “Truth-in-Millage” (TRIM) requirements, the BOCC establishes tentative property tax millages which are publicly announced and mailed to all property owners in August. The BOCC schedules three public budget hearings in September: Key Largo, Key West and Marathon. The *Adopted Budget* and all final millages are formally approved at the last public hearing.

**Implementation and Adjustment** - Once the *Adopted Budget* is implemented on October 1, OMB monitors actual spending versus the budgeted spending. Changing circumstances usually require minor adjustments within department budgets during the year which are handled by requests to OMB. Any major adjustments that require movement of budgeted funds between departments must be approved by the BOCC by resolution or formal budget amendment in a properly noticed public meeting.

The multi-year *Capital Projects Plan* which is approved during the September public hearings should not be confused with the capital budget. The capital budget represents the first year of the capital projects plan and is legally approved as a part of the *Adopted Budget* in September. Projects and financing sources listed in the *Capital Projects Plan* beyond the current year are not authorized until the annual budgets for those “out years” are legally adopted in the process described above.

The following is the schedule that will be followed to adopt the Fiscal Year 2007 budget:

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| DATE                 | ACTIVITY                                                                                                                                                                                                                                                                                                |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>*February 15</b>  | Regular meeting, BOCC approves budget timetable. KL                                                                                                                                                                                                                                                     |
| <b>*March 7</b>      | Board of County Commissioners Workshop for presentation and direction to staff. To be held at the Harvey Government Center 9 A.M. KW                                                                                                                                                                    |
| March 23             | Staff budget presentations. Presentation includes instructions to departments, discussion of budget preparation and format changes. (Marathon EOC 10 A.M.)                                                                                                                                              |
| April 10             | OMB deadline for submission- budget requests for all Internal Service Funds and departments including TDC.                                                                                                                                                                                              |
| April 24-28          | OMB bottom line review.                                                                                                                                                                                                                                                                                 |
| May 22-25            | Administrators Internal budget reviews with Divisions and OMB.                                                                                                                                                                                                                                          |
| June 1               | Deadline for <b><i>final submission</i></b> to OMB of budgets from departments.                                                                                                                                                                                                                         |
| May 31               | Submission of budget requests from Sheriff, Clerk of the Court, Tax Collector, State Attorney, Property Appraiser, Housing Authority, Judicial, and Supervisor of Elections to the Administrator. This is the last date to receive input from Human Services Advisory Board.                            |
| July 1               | Property Appraiser certifies Assessment of all property values on DR 420.                                                                                                                                                                                                                               |
| <b>*July 13</b>      | Tentative budget to be delivered at a Special Meeting (the budget must be delivered to the Commission no later than July 15 <sup>th</sup> F.S. 129.03) ( <u>Harvey Government Center 2 P.M.) KW</u>                                                                                                     |
| <b>*July 20</b>      | Regular BOCC Meeting. Discussion of: Budget, capital improvements plan, and Proposed Millage Rates with the Board. 9 A.M. KW                                                                                                                                                                            |
| <b>*July 24</b>      | Special Meeting for discussion of Budget, capital improvements plan, and Proposed Millage Rates with the Board , and , if possible , selection of dates, times, and places for public hearings and approval to advise the Property Appraiser of proposed Millage Rates. ( <u>Marathon EOC 9 A.M.)</u> . |
| August 4-8           | Naco Conference                                                                                                                                                                                                                                                                                         |
| August 4             | Last day to advise the Property Appraiser of the Proposed Millage Rates, current year rolled – back rate and the date , time and place of the Tentative Budget Hearing. (Will have proposed millage rates to the Property Appraiser by July 24 <sup>th</sup> ).                                         |
| August 23            | Last day for Property Appraiser to mail out the Notice of Proposed Property Taxes. (TRIM NOTICES).                                                                                                                                                                                                      |
| <b>*September 6</b>  | Special BOCC Meeting-First public hearing 5:05 P.M. (between 65-80 days after the Property Appraiser certifies the Assessment). To be held in the Lower Keys. Adoption of Tentative Budget and Millage Rate. (Cannot conflict with School Board Hearing). KW                                            |
| <b>*September 13</b> | Special BOCC meeting. Second public hearing after 5:05 P.M. To be held in the Upper Keys. KL                                                                                                                                                                                                            |
| <b>*September 20</b> | Regular BOCC Meeting-Final public hearing after 5:05 P.M. to adopt a final budget and Millage rate. ( Must be held within 15 days of First Hearing with proper advertisement of meeting). To be held in Middle Keys. (This meeting must not conflict with School Board Hearing). MTHN                   |

\* Involves  
BOCC

# **Introduction to County Budgeting**

## **Distinguished Budget Presentation Award**

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to Monroe County for its annual budget for the fiscal year beginning October 1, 2005.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

## **Finding Information About the Budget**

The budget for Monroe County is available in draft form any time after presentation of the tentative budget by the County Administrator to the Board of County Commissioners in early July. Based on the County Administrator's recommendations, OMB produces a budget summary. Copies of the summary document are available in the public libraries in July and August.

Changes may be made in the **COUNTY ADMINISTRATOR'S TENTATIVE BUDGET PRIOR** to the public budget hearings in September.

In accordance with Florida law, the County also advertises a summary budget in a newspaper of general circulation prior to final adoption.

After the Board of County Commissioners approves the budget in September, the OMB Department compiles the final budget document. Information on where detailed budget documents are available for public review can be obtained by calling the Monroe County OMB Department at (305) 292-4470.

Budget information is also available on the internet at the County's world-wide web site **[www.monroecounty-fl.gov](http://www.monroecounty-fl.gov)**.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Monroe County  
Florida**

For the Fiscal Year Beginning

**October 1, 2005**

President

Executive Director



# Goals and Policies

## Introduction

Monroe County's short and long-term goals and policies are developed during the budget process each year. The BOCC discusses trends, capital projects and policy priorities at public meetings held during the budget planning phase and these priorities are further refined and clarified during the budget preparation and adoption phases of the budget process in the late spring and summer of each year. The BOCC tries to strike a prudent balance between service needs and financial ability to pay for those services. Following is discussion of the primary goals and policies adopted by the BOCC:

## County-wide Long-term Goals and Policies

The County developed and received approval from the State of Florida for the *Monroe County Year 2010 Comprehensive Plan*. Major goals articulated in the plan are:

- **Future Land Use** - Monroe County shall manage future growth to enhance the quality of life, ensure the safety of County residents and visitors, and protect valuable natural resources.
- **Conservation and Coastal Management** - The environmental quality of the air, water, marine resources and habitat, wetlands, upland vegetation, beaches and berms, wildlife and wildlife habitats, soil and mineral resources, potable water, historic resources shall be protected and where possible, enhanced.
- **Traffic Circulation** - To provide a safe, convenient, efficient, and environmentally compatible motorized and non-motorized transportation system for the movement of people and goods in Monroe County.
- **Mass Transit** - To provide a coordinated surface transportation system for transportation disadvantaged people within Monroe County and to encourage such a system for all residents and guests.
- **Ports, Aviation and Related Facilities** - Monroe County shall provide aviation and port facilities to all existing and future residents and guests in a manner that maximizes safety, convenience, economic benefit, and environmental compatibility.
- **Housing** - Monroe County shall adopt programs and policies to facilitate access by all current and future residents to adequate and affordable housing that is safe, decent, and structurally sound, and that meets the needs of the population based on type, tenure characteristics, unit size and individual preferences.
- **Potable Water** - The County shall support Florida Keys Aqueduct Authority in the fulfillment of their statutory obligation and authority to provide for a safe, high quality and adequate supply, treatment, distribution, and conservation of potable water to meet the needs of present and future residents.
- **Solid Waste** - The County shall provide for the adequate collection, disposal and resource recovery of solid waste in an environmentally sound and economically feasible manner to meet the needs of present and future County residents.
- **Sanitary Sewer** - The County shall provide for the adequate, economically sound collection, treatment, and disposal of sewage which meets the needs of present and future residents while ensuring the protection of public health, and the maintenance and protection of ground, nearshore, and offshore water quality.
- **Drainage** - Monroe County shall provide a stormwater management system, which protects real and personal properties, and which promotes and protects ground and nearshore water quality.
- **Natural Groundwater Aquifer Recharge** - The County shall protect the quality and quantity of water in the potable water aquifer and in the freshwater lens systems so as to ensure public health, conserve the public water supply, and preserve ecosystems dependent upon freshwater.

## Goals and Policies

- **Recreation and Open Space** - Monroe County shall provide a recreation and open space system to conserve valuable natural resources and to provide recreational opportunities adequate to serve the present and future population of Monroe County; including permanent residents and visitors.
- **Intergovernmental Coordination** - The County shall promote and encourage intergovernmental coordination between the County, the County municipalities, Dade and Collier counties, regional, state, and federal governments and private entities in order to anticipate and resolve present and future concerns and conflicts.
- **Capital Improvements** - Monroe County shall provide and maintain, in a timely and efficient manner, adequate public facilities for both existing and future populations, consistent with available financial resources.

### County-wide Short-term Goals and Policies

In order to achieve long-term goals, several key short-term goals and associated policies are established by the BOCC each budget year. The key short-term goals are:

- Increase code enforcement for transient rentals and FEMA downstairs enclosure problems.
- Maintain fund contingencies, reserves and fund balances forward for each of the ad valorem tax supported funds.
- Maintain and improve the Worker's Compensation and Group Insurance funds.
- Increase maintenance and upgrade existing parks.
- Further enhance and upgrade the County's computer network systems.
- Consolidate and standardize volunteer fire service training, equipment and finances.
- Improve efficiency of Growth Management Permitting Process.
- Design and construct a New Judicial Building in Key West.
- Design and construct a wastewater treatment system to serve Big Coppitt, Key Largo and South Stock Island.
- Design and construct a new Medical Examiner Facility.
- Design and construct a neighborhood park on Big Pine Key.
- Design and construction of an upper keys government center.
- Courtroom renovations in Marathon and Plantation Key.
- Construct/ Renovate fire facilities in several areas throughout Monroe County.
- Construct a new terminal building at Key West International Airport.

## **Financial Policies**

### **Measurement Focus**

All Governmental Funds and Expendable Trust Funds are accounted for using a current financial resources measurement focus. Only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

### **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds, expendable trust, and agency funds are accounted for on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become available and measurable. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt, which is recognized when due; (2) prepaid items, which are reported only on the Balance Sheet and do not affect expenditures; and (3) the long term portion of accumulated sick pay, vacation pay, and compensatory time, which is not recorded as an expenditure.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable.

### **Budgetary Basis**

Annual budgets are prepared to be consistent with the basis of accounting. There are certain exceptions where it is known that final expenditures will be less than the initial budget. The budget reflects the exclusion of five percent of anticipated collections of certain general revenues, in accordance with Florida Statutes. Actual revenues may exceed the budget. Since budgeted expenditures represent a ceiling, actual expenditures normally fall short of the budget. The excess revenues and under expenditures carry forward as fund balance to the following year. For Proprietary Funds, depreciation expenses are not budgeted, but are recorded and reported for financial purposes.

All annual appropriations lapse at fiscal year end. Under the County's budgetary process, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be reappropriated and honored the subsequent fiscal year.

### **Budgetary Control**

Separate accounting systems and budgets are maintained by the Board of County Commissioners, Sheriff, Tax Collector, Property Appraiser, Supervisor of Elections, and Clerk of Courts.

Florida Statutes require that the County adopt a balanced budget. Managerial budgetary control for the Board of County Commissioners is maintained at the fund, department and account level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders, which result in an overrun of cost center balances, are not released until additional appropriations are made available. Encumbrances at fiscal year-end are canceled and, if required, are then re-encumbered in the new budget year based on allowable appropriations.

Expenditures by the Constitutional Officers who maintain separate budgets are controlled by appropriations in accordance with budget requirements set forth in Florida Statutes.

# Fund Descriptions

## General Fund

**General Fund** - Used to account for all financial resources except those accounted for in other funds.

**Special Revenue Funds** - Used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

**Affordable Housing Programs** - Accounts for various low-income housing grants.

**Law Enforcement, Jail, Judicial** - Accounts for operation of the Sheriff's Department and County court system.

**Roads & Bridges** - Accounts for operation and capital improvements for the County's Road Department.

**Law Library** - Expenditures of the County's Law Library.

**Tourist Development** - Several funds that account for the local option three-cent bed tax for the expenditures of the Tourist Development Council.

**Governmental Grants** - To account for various state and federal grants.

**Impact Funds** - Special assessment in five funds of the unincorporated area for roadways, parks, libraries, solid waste, police facilities and fire & EMS.

**Fire & Ambulance Districts** - Accounts for operation of two fire and ambulance district's services.

**Upper Keys Trauma District** - Transportation and hospitalization of County patients in Dade County.

**Unincorporated Parks & Beaches** - Account for unincorporated parks and recreation operations.

**MSTD - Planning Building, Code Enforcement & Fire Marshal** - Unincorporated planning, building, zoning and Fire Marshal.

**Municipal Policing** - Accounts for Sheriff's Department operation for services to unincorporated Monroe County and contracts with municipalities for additional services, over and above the Sheriff's Countywide costs.

**911 Enhancement Fund** - Accounts for fees levied for the 911 emergency phone system.

**Special Taxing Districts** - Accounts for special, small area security, culvert, and neighborhood operations.

**Boating Improvement** - Accounts for boating related activities.

**Miscellaneous Special Revenue** - Accounts for expenditures from any other restricted revenue sources

**Florida Keys Marina** - Accounts for the expenditures for the Marina in Marathon.

**Environmental Restoration** - Accounts for expenditures related to habitat restoration.

**Municipal Service Taxing Units** - Accounts for improvements that benefit property owners in the unit of taxation.

**Debt Service Funds** - Used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest other than those payable from a proprietary fund..

**Revenue Bond Funds** - Account for payment of interest and principal of the long-term debt associated with the County's 1983 refunding improvement bonds-1983, 1993 refunding improvement bonds-1988, sales tax revenue and refunding bonds.

**Capital Project Funds** - Used to account for the acquisition or construction of major capital facilities other than those financed by proprietary and trust funds.

**One Cent Sales Tax Capital Projects** - Capital projects financed by the One-Cent Infrastructure Tax.

**Sales Tax Bond Capital Improvements** - Accounts for projects financed by the sales tax revenue and refunding bonds.

**Enterprise Funds** - Accounts for operations that are financed and operated similar to private business enterprises.

**Card Sound Bridge** - Accounts for the operations of the Card Sound toll bridge.

**Airports** - Accounts for the operations of the Marathon and Key West airports.

**Solid Waste** - Accounts for the operations of Monroe County's solid waste services.

**Internal Service Funds** - Accounts for **Worker's Compensation, Group Insurance, Risk Management and Fleet Management** provided by the County to other County departments and agencies.

## Fund Descriptions

**Trust and Agency Funds** - Used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. **Law Enforcement Trust, Clerk's Drug Abuse Trust, and Court Facility Fees** are included. These funds have been reclassified as special revenue funds as a result of changes made by the Government Accounting Standards Board.